

Message Text

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4131

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DEPARTMENT PASS EXPORT-IMPORT BANK FOR AMBACH
FROM CHAIRMAN CASEY.

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: EXIMBANK ANNUAL REPORT

1. USE FOLLOWING AS LEAD IN LIEU OF YOUR FIRST
PARAGRAPH: WORLD-WIDE INFLATION, WORLD-WIDE
SHORTAGES IN FUEL, FOOD, FIBRES AND MINERALS
AND A HUGE SUDDEN, SHIFT IN LIQUIDITY AWAY FROM
OIL CONSUMING NATIONS TOWARD OIL PRODUCING NATIONS
HAVE COMBINED TO TAKE WORLD TRADE AND THE
INTERNATIONAL ECONOMY INTO ROUGH, UNCHARTERED
WATERS. IT IS APPROPRIATE TO FASHION THIS REPORT
AROUND THE THEME OF QTE CHANGE, UNQTE THE NEW
CHALLENGES WE FACE AND THE NEW POLICIES WE NEED
TO MAINTAIN OUR EXPORTS AND THE STRONG DOLLAR
WHICH IS SO IMPORTANT TO KEEP THE WORLD MONETARY
SYSTEM WORKING.

2. AT END OF PAGE 2, IN LIEU OF SENTENCE BEGINNING
A LAST LINE AND REMAINDER OF THAT PARAGRAPH
INSERT TEN POINTS FROM MY LETTER TO BRIDGEWATER
WITH SENTENCE PRECEDING AND PARAGRAPH FOLLOWING
THE TEN POINTS.

3. ON PAGE 6 OF YOUR REPORT, AFTER SENTENCE ENDING
WITH QTE HIGHLY ADVANCED UNQTE, INSERT FOLLOWING:
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FOR THESE SERVICES TO PAY FOR THE IMPORTS, WE

CAN RELY ON OUR SKILL IN PUTTING TOGETHER LARGE COMPLEX PROJECTS APPLYING U.S. TECHNOLOGY AND EQUIPMENT TO THE DEVELOPMENT OF NATURAL RESOURCES AND MEETING POWER AND TRANSPORTATION NEEDS OF OTHER COUNTRIES, AND WE MUST MAINTAIN OUR FLEXIBILITY AND ADAPTABILITY IN MOBILIZING CAPITAL FROM SOURCES AROUND THE WORLD AND MATCHING MATURITIES TO THE ABILITY OF A PROJECT TO SERVICE DEBT.

4. USE SOMETHING LIKE FOLLOWING WHERE YOU FIND IT FITS BEST: PRIVATE BANKS HAVE BEEN TRADITIONALLY RELUCTANT TO FINANCE EXPORTS ON TERMS OF OVER FIVE YEARS. WHILE LONGER COMMERCIAL TERMS HAVE BECOME MORE AVAILABLE IN RECENT YEARS, IT IS STILL OFTEN DIFFICULT TO FIND PRIVATE BANKS WHO ARE WILLING AND ABLE TO FINANCE LARGE CAPITAL PROJECTS. THE UNITED STATES IS IN A STRONG COMPETITIVE POSITION WITH REGARD TO MANY TYPES OF CAPITAL EQUIPMENT; AS WE BECOME INCREASINGLY AN IMPORTER OF BASIC RAW MATERIALS, WE WILL HAVE TO INCREASE OUR OVERSEAS SALES OF THIS KIND OF MANUFACTURED PRODUCT. U.S. EXPORTERS CANNOT MAKE LARGE PROJECT-TYPE SALES--SUCH AS PETROCHEMICAL AND FERTILIZER PLANTS, MINING AND OTHER NATURAL RESOURCE DEVELOPMENT REFINERIES, NUCLEAR AND HYDROELECTRIC EQUIPMENT, TRANSPORTATION SYSTEMS, AND LARGE COMMERCIAL AIRCRAFT--WITHOUT OFFERING FINANCING ON TERMS LONG ENOUGH TO PERMIT REPAYMENT OUT OF THE RETURN FROM THESE PROJECTS. SINCE COMMERCIAL FINANCING IS GENERALLY UNAVAILABLE FOR SUCH HIGH-PRICED EXPORT SALES, EXIMBANK FINANCING WILL HAVE TO FILL THIS NEED. THE BANK'S PARTICIPATION FINANCING PROGRAM, WHICH PERMITS PRIVATE LENDERS TO BE REPAYED FIRST, IS DESIGNED TO MEET THIS NEED.

HODGSON

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